

**BEFORE**  
**THE PUBLIC SERVICE COMMISSION OF**  
**SOUTH CAROLINA**  
**DOCKET NO. 2019-\_\_-WS**

IN RE: Joint Application for Approval of  
the Sale of Assets and Transfer of  
Facilities, Territory and Certificate of  
Public Convenience and Necessity from  
Harbor Island Utilities Inc. to South  
Carolina Water Utilities, Inc.

**APPLICATION**

Harbor Island Utilities, Inc. (“Harbor Island”) and South Carolina Water Utilities, Inc. (“SCWU”) (collectively, the “Joint Applicants”), pursuant to 26 S.C. Code Regs. 103-504 and 103-704, and other applicable rules and regulations, jointly apply to the Public Service Commission of South Carolina (“Commission”) for approval of a sale of assets, including water and sewer facilities, territories, and certificates of public convenience and necessity, from Harbor Island to SCWU (“Application”). In support of this Application, the Joint Applicants respectfully show unto the Commission as follows:

1. Harbor Island is a South Carolina corporation that owns and operates water and wastewater service in Beaufort County.
2. Harbor Island is a “public utility” as defined in S.C. Code Ann. §58-5-10(4), providing water and sewer service to the public for compensation in certain areas of South Carolina.
3. Harbor Island’s current schedule of rates and charges was approved by this Commission in Order No. 2017-80(A), Docket No. 2016--29-WS dated February 1, 2017.

4. Harbor Island, in Beaufort County, is the only residential subdivision served by Harbor Island. In addition to the residential customers in the subdivision, Harbor Island serves a limited number of commercial establishments.

5. SCWU is a corporation, duly organized and existing under the laws of the State of Delaware and is authorized to do business in the State of South Carolina. SouthWest Water Company (“SouthWest”), a Delaware limited liability company, indirectly owns 100% of SCWU. On a consolidated basis, SouthWest operates water and sewer utility systems serving approximately 152,291 connections in six states. Additionally, SouthWest indirectly owns Kiawah Island Utility, Inc., a public utility providing water and sewer service to approximately 4,174 water and 3,627 wastewater customer connections in Charleston County, South Carolina. A copy of SCWU’s certificate of good standing in South Carolina is attached hereto and incorporated herein by this reference as Exhibit “A”.

6. Joint Applicants seek expedited approval of this Application and a waiver of any requirement for a formal hearing if, after notice, no substantial opposition arises therefrom.

7. All communications or inquiries regarding this Application should be directed as set forth below:

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8. The Joint Applicants have entered into an asset purchase agreement (the “Agreement”) dated September 6, 2019 whereby SCWU will acquire the water and sewer systems, service territories, personal and business property, real property, easements, governmental authorizations (including the certificates of public convenience and necessity issued to Harbor Island by the Commission, National Pollutant Discharge Elimination System permits, and other permits), and certain other property necessary for the operation of the Harbor Island water and sewer systems. A copy of the Agreement is attached and incorporated herein by reference as Exhibit “B.”

9. The Joint Applicants submit that the sale of assets from Harbor Island to SCWU is in the public interest. Harbor Island no longer wishes to own the utility, and SCWU is a willing buyer with the financial resources to effect the transaction. The public interest is served by having utility ownership committed to operating the utility and investing the necessary capital required for sustainable, efficient operation. Customers will not be materially affected by the transaction, and the transition of the utility ownership will be carefully managed so that any inconvenience to customers is as minimal as possible.

Applicants are meeting with customers to explain the transition and address any concerns they may have.

10. Unless and until a rate adjustment or other rate schedule modification is approved by the Commission, SCWU will operate the subject water and sewer systems under their current schedule of rates and charges approved by this Commission for Harbor Island in the Commission orders previously referenced.

11. If the within Application is granted, all of Harbor Island's water and sewer customers will become customers of SCWU; Harbor Island will discontinue the provision of water and sewer service to the public and will no longer have authorized service territories or the related certificates of public convenience and necessity heretofore authorized to them by this Commission. Further, if the Application is granted, the service area that would be authorized to SCWU would be as set forth in the description attached hereto and incorporated herein by reference as Exhibit "C." This service territory was approved by the Commission in its Order No. 2019-685, issued September 25, 2019.

12. SCWU will post a performance bond as required by S.C. Code Reg. 103-712 upon approval of this Application and will comply with the rules and regulations of the Commission.

13. Closing of the Agreement is expressly contingent, among other things, upon Joint Applicants obtaining the approval of the Commission for the sale of the assets of Harbor Island to SCWU. No transfer of any assets has occurred, nor shall any such transfer occur, unless and until such approval is obtained.

14. Based upon the foregoing, it is in the public interest that the Agreement be approved.

WHEREFORE, the Joint Applicants respectfully request that the Commission take the following action:

A. Approve the sale of the assets currently used to serve the customers of Harbor Island, including the transfer of water and sewer systems, territory, certificates, permits, powers, and privileges, from Harbor Island to SCWU;

B. To permit SCWU to operate the water and sewer systems currently owned and operated by Harbor Island under the schedules of rates and charges currently approved for them by this Commission; and

C. For such other and further relief as this Commission deems just and proper.

Respectfully submitted,

*s/ Charles L.A. Terreni*

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Columbia, South Carolina

September 30, 2019